

Message Text

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PAGE 01 ROME 06030 271554 Z

51

ACTION TRSE-00

INFO OCT-01 EUR-25 ADP-00 STR-08 AID-20 CEA-02 CIAE-00

COME-00 EB-11 EA-11 FRB-02 INR-10 IO-13 NEA-10

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 9532

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E. O. 11652: N/ A

TAGS: EFIN, OECD

SUBJECT: OECD EXAMINATION OF FOREIGN INVESTMENT POLICIES AND
PRACTICES

REF: STATE 118847, JUNE 19, 1973; ROME 5509, AUGUST 22, 1972;
ROME 7316, NOVEMBER 30, 1972

1. PREVIOUS EMBASSY' S REPORTS HAVE PROVIDED EXTENSIVE INFORMATION
ON ITALIAN GOVERNMENT INVESTMENT POLICIES AND PRACTICES. THIS
MESSAGE DEALS WITH ADDITIONAL SPECIFIC, DETAILED DATA REQUESTED
BY ABOVE CITED INSTRUCTION.

2. FOLLOWING AMONG MANY AMERICAN FIRMS HAVE BENEFITED FROM
MEZZOGIORNO INCENTIVES:

A. ABBOTT, S. P. A., MANUFACTURING PHARMACEUTICALS IN PLANT AT
APRILIA (NEAR ROME). TOTAL INVESTMENT ONE BILLION LIRE, OF
WHICH 10 PERCENT PROVIDED BY PARENT U. S. COMPANY, 76 PERCENT
MEDIUM TERM CREDITS WITH 3-5 PERCENT INTEREST RATE AND 14 PERCENT
GRANTS; EXPORTS ACCOUNT FOR LESS THAN ONE PERCENT OF PRODUCTION.

B. KLOPMAN INTERNATIONAL, S. P. A., INVESTED IN 1967 IN A
TEXTILE PLANT IN FROSINONE. TOTAL CAPITAL INVESTED \$20 MILLION, OF
WHICH MEZZOGIORNO MEDIUM TERM LOANS AMOUNTED TO \$10 MILLION,
GRANTS

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PAGE 02 ROME 06030 271554 Z

\$2 MILLION; TAX EXEMPTION FOR TEN YEARS; NO INCENTIVE RELATED TO EXPORTS, WHICH ACCOUNT FOR LARGE PART OF PRODUCTION.

C) GOODYEAR ITALIANA MANUFACTURES AUTOMOBILE RUBBER TIRES IN A PLANT AT LATINA. TOTAL INVESTMENT AMOUNTED TO \$30 MILLION OF WHICH 65 PERCENT CAME FROM ITALIAN SOURCES, 35 PERCENT FROM THEU. S. PARENT COMPANY. INVESTMENT FUNDS FROM ITALIAN SOURCES WERE

IN THE FORM OF MEDIUM AND LONG TERM LOANS WITH INTEREST RATES RANGING FROM 3 TO 5 PERCENT. AMERICAN MANAGEMENT GOODYEAR REQUESTS

THIS INFORMATION NOT BE MADE PUBLIC EVEN TO LOCAL SUBSIDIARY. MANAGEMENT ALSO STATES THAT DECISION TO LOCATE PLANT IN ITALY DEFINITELY A MARKETING DECISION. FOREGOING MEZZOGIORNO INCENTIVE ONLY AFFECTED COMPANY DECISION TO LOCATE IN SOUTH ITALY INSTEAD OF NEAR MILAN.

3. TO THE BEST OF THE EMBASSY' S KNOWLEDGE THERE HAVE BEEN NO CASES OF AMERICAN INVESTOR HAVING BEEN SUBJECTED TO ARM- TWISTING FOR INVESTMENT PURPOSES.

4. ALL THE COMPANIES WHICH HAVE PROVIDED FINANCIAL DATA REPORTED THIS TELEGRAM ARE STRICTLY OPPOSED TO THE PUBLICATION OF THIS INFORMATION. VOLPE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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